

Feb. 13, 1990

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REQUEST FOR COVERAGE

**GEORGE WASHINGTON UNIVERSITY CELEBRATES
NATIONAL ENGINEER'S WEEK**

The George Washington University Engineer's Council will present the following special events in celebration of National Engineer's Week February 19 - 24.

Tuesday, February 20, 1990 at 12:30 p.m.:

"Popsicle Stick Bridge Contest" -- Contestants will construct a bridge with approximately 100 popsicle sticks and glue. Dimensions of the bridge span must range from 24 to 26 inches in length, four to six inches in height and three to five inches in width. Total weight should not exceed 200 grams. Winners are the contestants building the most durable bridge. The contest, open to any GW student or faculty member, will be held in the parking lot of Tomkins Hall of Engineering (725 23rd Street, N.W.).

Thursday, February 22, 1990 from 2:00-5:00 p.m.:

"Rube Goldberg Contest" -- Named after the famous cartoonist known for his gadgetry, this contest allows students to create their own inventions from a selection of household items. The event will be held on the terrace of the Marvin Center, 800 21st Street N.W.).

Friday, February 23, 1990 at 1:00 p.m.:

"Egg Drop Contest" -- Contestants must develop a method whereby a raw egg can be dropped, without breaking, from the roof of Tomkins Hall of Engineering (725 23rd Street, N.W.). Prizes will be awarded to the first three successful GW engineering students.

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****Media wishing to cover any of these events should contact
Alyssa Montecalvo in the Office of University Relations
(202) 994-6460.**

The Myth of America's Decline
Leading of the World Economy into the 1990's

By HENRY R. NAU

"Henry Nau applied ideas to policy with effectiveness while in office and he does so again in this important book. The theorists of American decline need to be challenged, and he does so. But the advocates of American engagement need to see that they have their work cut out for them and what the work is. He does this too -- well and clearly."

-- George P. Shultz

The Myth of America's Decline offers a different interpretation of America's role in the postwar world economy and a more balanced assessment of U.S. competitiveness in the 1980s than that provided by those who argue either that America is in decline or that it has triumphed. Nau contends that while America's economic power has relatively declined, its political position in the world community has not. America has shared material power in order to persuade other countries increasingly to share America's purposes of open societies and competitive markets. Unlike Great Britain which lost power in a world that was increasingly polarizing, America is ceding power in a world that is increasingly coalescing.

Moreover, since 1970, America's power vis-a-vis other industrialized countries has not declined, and its share of OECD manufacturing output and employment has actually increased. With new data, the book shows that relatively conservative economic policies - identified as the policy triad of moderate fiscal and monetary policies, restrained government intervention and freer trade - coincided with the success of the Bretton Woods system in the 1950s and 1960s and that the United States returned to these policies in the 1980s except in one critical area -- fiscal policy.

The partial restoration of earlier Bretton Woods policies in the 1980s produced dramatic improvements in inflation and growth of American manufacturing productivity (3.5 percent per year compared to 2.7 percent per year from 1948-73), but American industry still suffers competitively from the high cost of capital (i.e. real interest rates), a consequence in large part (unless the Fed is going to ease monetary policy excessively as it did in the 1970s) of a fiscal policy that has been essentially out of control since the late 1960s. Industrial and managed trade policies, the book contends, are only second-best solutions which cannot compensate for a distorted macroeconomic policy environment. At worst, such policies, unaccompanied by deficit reduction, may eventually erode the inflation and productivity gains of the 1980s, and close down the open world markets that have contributed so much to common trust and prosperity in the postwar era.

The book critiques structuralist accounts of the rise and fall of great powers that focus cynically on the balance of wealth and power and offers a choice-oriented perspective that emphasizes the political purposes for which societies use wealth and power.

Robert O. Keohane, Harvard University, says "Henry Nau's arguments about purposes, choice, and the role of markets in policy coordination deserve wide attention. No one else has articulated so well a purposive and market-oriented critique of structuralist perspectives on the world political economy."

Barry Eichengreen of the University of California, Berkeley, praises Nau's book as a "serious and provocative work of scholarship. No one until Henry Nau has succeeded in providing a comprehensive treatment of the contribution of the United States first to the successful operation and then to the breakdown of the post-World War II international order."

Peter Katzenstein, Cornell University, calls Nau's work a "very ambitious, theoretically sophisticated and original piece of scholarship refreshingly different from the predominant liberal critique of the Reagan policy".

Paul Kennedy writes in The New York Review of Books: Nau's book "is a sober and detailed analysis of American economic policies since the early 1940s and a learned and important contribution to the scholarly debate on the conduct of United States and international economic policies over the past half century."

Intended for the general reader, this pathbreaking book will be essential reading not only for economists, politicians and policymakers, but also scholars and students working in economics and international relations.

Henry R. Nau is Associate Dean and Professor of Political Science and International Affairs at The George Washington University's Elliott School of International Affairs. He served in the State Department from 1975-77 and at the National Security Council from 1981-83, where he was responsible for international economic affairs and coordinated policy preparations for four economic summits. Nau also is co-director of the U.S.-Japan Economic Agenda, a joint research and public policy forum of GW's Elliott School and the Carnegie Council on Ethics and International Affairs in New York City.

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